

Decision 06-05-007 May 11, 2006

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Promote Policy
and Program Coordination and Integration in
Electric Utility Resource Planning.

Rulemaking 04-04-003
(Filed April 1, 2004)

**OPINION GRANTING MOTION OF PACIFIC GAS AND ELECTRIC TO
WITHDRAW MOTION FOR AUTHORIZATION TO PURCHASE AND DELIVER
GAS AS NEEDED FOR ELECTRIC AND GAS SYSTEM RELIABILITY**

Summary

This decision grants the motion of Pacific Gas and Electric Company (PG&E) to withdraw its motion dated December 15, 2005. The December 15 motion requested a ruling authorizing PG&E to purchase and deliver gas, as needed for electric and gas system reliability purposes, to supply generating units under the California Independent System Operator (CAISO) reliability must run (RMR) contracts with Calpine Corporation and its affiliates (Calpine), and to authorize cost recovery (December Motion). This decision does not prejudice PG&E's ability to renew the December Motion.

Discussion

On December 15, 2005, PG&E filed the December Motion out of concern about the potential adverse impacts Calpine's financial situation might have on PG&E's electric and gas system reliability, especially for supplying units under RMR contracts with CAISO. In the interim, Calpine filed a Chapter 11 bankruptcy petition and secured and accessed \$2 billion in debtor-in-possession financing that reduced PG&E's concerns. PG&E therefore filed a motion on

March 10, 2006 to withdraw its December Motion. No responses were received to PG&E's motion.

PG&E's December Motion asks the Commission to authorize PG&E to deal with a perceived precarious situation for its electric and gas system that presently appears to be under control since Calpine filed for bankruptcy. This opinion granting PG&E's motion to withdraw the December Motion will not prejudice or restrict PG&E's ability to file any future motions the utility deems prudent and necessary to preserve the integrity and reliability of its electric and gas system—especially as related to RMR obligations with CAISO. This opinion will save PG&E, Calpine, the Commission and other interested parties from duplicating their efforts both at the Commission and before the bankruptcy court.

Comments on Draft Decision

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Pub. Util. Code § 311(g)(2), the otherwise applicable 30-day period for public review and comment is waived.

Assignment of Proceeding

Michael R. Peevey is the Assigned Commissioner and Carol A. Brown is the assigned Administrative Law Judge.

Findings of Fact

1. Since PG&E filed its December Motion, changes in Calpine's financial situation, including Calpine's filing of a Chapter 11 petition in bankruptcy, have rendered the December Motion moot.

2. Our granting PG&E's Motion to Withdraw its December 15, 2005 Motion does not prejudice PG&E's ability to renew the Motion.

Conclusion of Law

The motion of PG&E to withdraw its December 15, 2005 Motion should be granted without prejudice to PG&E renewing the Motion.

O R D E R

IT IS ORDERED that Pacific Gas and Electric Company's (PG&E) March 10, 2006 Motion to Withdraw its December 15, 2005 Motion for a ruling authorizing PG&E to purchase and deliver gas, as needed for electric and gas system reliability purposes, to supply generating units under the California Independent System Operator reliability must run contracts with Calpine Corporation and its affiliates, and to authorize cost recovery is granted without prejudice.

This order is effective today.

Dated May 11, 2006, at San Francisco, California.

MICHAEL R. PEEVEY
President
GEOFFREY F. BROWN
DIAN M. GRUENEICH
RACHELLE B. CHONG
Commissioners

Commissioner John A. Bohn, being
necessarily absent, did not participate.